

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

RECEIVED

2017 SEP 18 P 3:51

POSTAL REGULATORY
COMMISSION
OFFICE OF THE SECRETARY

Periodic Reporting)
(Proposal Eight))

Docket No. RM2017-12

**Joint Comment of the DMA Nonprofit Federation
and the Data & Marketing Association**

The DMA Nonprofit Federation (Federation) and the Data & Marketing Association (DMA) appreciate the opportunity to file this joint comment in opposition to the United States Postal Service (USPS) petition to initiate a proceeding to change the accounting calculation to determine the preferred rates for nonprofit marketing mail. (Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Eight), July 31, 2017) (hereinafter "Petition")

The Federation represents over 300 charities as well as agencies working on their behalf to advance charitable missions that benefit society as a whole. The Data & Marketing Association (DMA) is the organization that champions deeper consumer engagement and business value through the responsible use of data-driven marketing. Its membership is made up of leading data innovators, marketers and organizations representing the entire marketing ecosystem.

Since the passage of the Postal Accountability and Enhancement Act (PAEA) in 2006, USPS has applied the 60 percent statutory nonprofit rate preference at the class level overall. (Attachment to its Petition, page 1). USPS now asks the Commission to allow it to take a step backwards and "proposes to return to its pre-PAEA convention of applying the rule at the **former** [emphasis added] Domestic Mail Classification Schedule "subclass" [emphasis in original] level..." USPS claims that this backward accounting change is consistent with 39 USC section 3626(a)(6)(A) which was amended in 2000. That 2000 amendment states that the nonprofit preference be applied at the subclass level. However, as even USPS points out in the attachment to its petition, "pursuant to the PAEA, 'subclasses' no longer were explicitly defined in the Mail Classification Schedule." (Attachment to the Petition, page 2) PAEA eliminated subclasses which is why USPS asks to revert to the former Domestic Mail Classification Schedule.

The Commission should not allow USPS to take this backward step. In fact, USPS conveniently ignores the most recent Commission finding concerning preferred postage rates. On page 41 of the Annual Compliance Determination for Fiscal Year 2016 the Commission stated, "*The Commission finds that prices in FY2016 were in compliance with all of the preferred rate requirements identified in 39 USC section 3626.*" [emphasis added] The Commission should not allow an accounting change that requires the use of former definitions that have been eliminated by PAEA to alter prices that are otherwise in compliance with the law. Moreover, it would be a

significant change to the current CPI rate-setting process which has served all mailers well for over ten years.

Allowing USPS to revert to pre PAEA interpretations and accounting sets a dangerous precedent that USPS could change the accounting for any other product. PAEA is well crafted compromise legislation which has worked for ten years. The Commission should categorically stop the USPS from "new" interpretations, which actually are retro interpretations, of PAEA accounting. All mailers, both commercial and nonprofit, cannot afford to have USPS undermine the carefully crafted provisions of PAEA.

The passage of PAEA ensured steady and predictable postal rate changes. This has provided all mailers, including nonprofits, a sense of security rather than the unpredictable and costly postage changes in prior years. Now, nonprofit mailers are facing an unprecedented postage increases that may be much higher than the CPI rate, based on an accounting change looking to the past.

The USPS proposal would wreak havoc for scores of nonprofit organizations. From striving to eradicate disease to serving the poorest communities here and globally, our members work every day to improve lives and find solutions to society's deepest problems. Today we have multiple charities working on hurricane and disaster relief to the impacted communities due to Hurricane Irma and Hurricane Harvey.

Nonprofits rely on the United States Postal Service to offer reasonable postal rates to raise funds and communicate with supporters and those served. In fact, one of the core reasons for the nonprofit postage preferences is to help organizations deliver on their missions. Although digital communications continues to advance, we fear that without the mail, nonprofit fundraising would suffer severely and, as a consequence, so would the missions served across the country.

Injecting an unanticipated increase such as that proposed by USPS will make it much more difficult for nonprofit mailers to keep pace. The result will be a reduction in charitable use of the mail, a reduction in organization support, and, in turn, a reduction in charitable organization service to impacted communities. We do not believe the United States Postal Service anticipates the unintended consequences such a rate increase would have. It could significantly harm the vital work performed by charities that would no longer use the mail to reach potential donors.

We urge the Commission to reject this petition of USPS to step backward in time. The current, post PAEA, preferred rate calculations fully comply with the law. USPS request would have the Commission and USPS revive subclasses in contravention of PAEA. Moreover, this undercuts the original rationale for a steady and affordable CPI rate system across mail classes.

In conclusion we urge the Commission to reject this Petition to use former calculations for preferred rates applied to former classifications that were eliminated by PAEA. We also ask that the Commission carefully consider the consequences this accounting change would pose on the programs, mission and those served during these challenging times.

Respectfully submitted,



Xenia "Senny" Boone
General Counsel &
Executive Director Nonprofit Federation
Data & Marketing Association



Emmett O'Keefe
Senior Vice President
Advocacy
Data & Marketing Association